

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Tajikistan	Project Title:	Sughdneft Expansion Project
Lending/ Financing Modality:	Loan	Department/ Division:	Private Sector Operations Department Infrastructure Finance Division 1

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY
Poverty targeting: General intervention
A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy
<p>The proposed \$2.5 million financing from the Asian Development Bank (ADB) will support the construction of new stations (RFSs) and the refurbishment of existing RFSs and associated petroleum handling and storage facilities, and provision of working capital. The business plan envisions to expand the RFS network by adding seven RFSs, which will be completed and operational by end of 2018. The RFSs will be acquired from existing operators or will be newly constructed.</p> <p>The project is consistent with ADB’s country partnership strategy for Tajikistan, 2016–2020,^a which highlights investment climate reforms and skills development to increase productive employment.</p>
B. Results from the Poverty and Social Analysis during PPTA or Due Diligence
<p>1. Key poverty and social issues. The project will enhance Sughd region’s access to high quality petroleum products and service by facilitating new investment in the sector and in an operator that complies with petroleum industry standards. The project will also generate long-term and temporary jobs. The business expansion plan of Sughdneft Limited Liability Company will require temporary and indirect employment during the construction of the new RFSs, and will employ additional staff during the operation of the new RFSs. These new employment opportunities will offer an alternative income source to workers who have returned from overseas, adversely affected by the economic downturn in the Russian Federation.</p> <p>2. Beneficiaries. The project will benefit (i) Sughd region, through enhanced access to high-quality petroleum products; (ii) government through increased tax revenue as from the expanded business will support social and community projects; and (iii) the local labor force, through the creation of new employment opportunities during the construction and operation of the additional RFSs.</p> <p>3. Impact channels. The investment will improve the access of people and businesses to fuel. New jobs will also be created during the construction and refurbishment of the RFSs, and the RFS operations. This will help reduce unemployment in the region and provide an alternative income source to local workers.</p> <p>4. Other social and poverty issues. None</p> <p>5. Design features. The financing of Sughdneft’s expansion will contribute to increasing employment and tax revenue in Sughd region. The income tax to be paid by Sughdneft is expected to increase by about 30% after its business expansion. This will help to improve the fiscal status of the government and eventually lead to increased public funds for the development of the region. Moreover, successful implementation will result in the capacity expansion of energy distribution in Sughd region.</p>
II. PARTICIPATION AND EMPOWERING THE POOR
<p>1. Participatory approaches and project activities. Sughdneft will incorporate the process of engagement with various stakeholders in its environmental and social management system (ESMS), including land users, asset owners, nearby communities, and local leaders.</p> <p>2. Civil society organizations. The opportunity to involve civil society organizations is limited, as the project will be expansion of RFS operations. However, the ESMS will include a procedure to consult with various stakeholders and assign staff to help implement engagement activities and address concerns from stakeholders, including civil society organizations.</p> <p>3. The following forms of civil society organization participation are envisaged during project implementation, rated as high (H), medium (M), low (L), or not applicable (NA)</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> Information gathering and sharing <input type="checkbox"/> Consultation <input type="checkbox"/> Collaboration <input type="checkbox"/> Partnership</p> <p>4. Participation plan. Indicate whether a project-level participation plan will be prepared to strengthen participation of civil society as interest holders for affected persons particularly the poor and vulnerable.</p> <p><input type="checkbox"/> Yes. <input checked="" type="checkbox"/> No. Process of consultation with stakeholders will be included in the ESMS.</p>

C. Communicable Diseases and Other Social Risks

1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA):

Communicable diseases NA Human trafficking NA

Others (please specify) _____

2. Risks to people in project area. NA

VI. MONITORING AND EVALUATION

1. **Targets and indicators.** The project design and monitoring framework included the following social indicators targeted to be achieved in 2021: (i) number of jobs provided during operation increased to at least 87 by 2025 from 57 in 2017; and (ii) number of jobs provided during the construction phase is at least 50 by 2024.

2. **Required human resources.** Sughdneft will assign environmental and social staff to implement, manage, and monitor the environmental and social aspects of its operations.

3. **Information in the project administration manual.** Not applicable

4. **Monitoring tools.** Sughdneft will monitor compliance with SPS requirements, employment impacts, and its compliance with national labor laws and measures to comply with the core labor standards. Sughdneft will report these in its annual environmental and social monitoring report to ADB.

^a ADB. 2016. *Country Partnership Strategy: Tajikistan, 2016–2020*. Manila.

^b ADB. 2003. *Social Protection*. Manila (adopted in 2001).